

JOINT LEGISLATIVE COMMISSION ON GOVERNMENTAL OPERATIONS



**REPORT TO THE
1985 GENERAL ASSEMBLY
OF NORTH CAROLINA**

JOINT LEGISLATIVE COMMISSION

ON

GOVERNMENTAL OPERATIONS

MEMBERSHIP

1983-85

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Governor Jordan who had
been a member of the
Commission replaced
former Lt. Governor
James C. Green as
chairman)

Representative William T. Watkins

TABLE OF CONTENTS

<u>SUBJECT</u>	<u>PAGE</u>
PRIVATE LICENSE PLATES ON STATE-OWNED VEHICLES	1
CASH MANAGEMENT AT THE STATE AGENCY LEVEL	2
Statewide Cash Management Policy, Draft Bill.....	4
Daily Deposit Law Amendment, Draft Bill	11
JOB TRAINING PARTNERSHIP ACT	12
LOCATION OF ADMINISTRATIVE PROCEDURES ACT APPEALS	16
Draft Bill	17
CENTRAL PAYROLL SYSTEM FOR PUBLIC SCHOOLS	18
Modifications To Central System, Draft Bill	19
"IMPAIRED DRIVING" IMPACT ON PROBATION CASELOADS	25
Clarify Conditions Of Probation, Draft Bill	26
JAILS AND DETENTION SERVICES	28
ADULT DEVELOPMENTAL ACTIVITY PROGRAM	30
FEDERAL FUNDS DISBURSEMENT - CULTURAL RESOURCES	32



Joint Legislative Commission On Governmental Operations

State Legislative Building

Raleigh, North Carolina 27611

February 20, 1985

MEMORANDUM

TO: Senator Aaron Plyler
 Senator Tony Rand
 Rep. William T. Watkins
 Rep. Bobby Etheridge

FROM: Lieutenant Governor Robert B. Jordan, *RB*
 House Speaker Liston B. Ramsey *LBR*

RE: Private License Plates on State-Owned Vehicles

At the present time there are 1,136 private license plates on State-owned vehicles. The Joint Legislative Commission on Governmental Operations is concerned about the ever-increasing number of private plates and the need for the private plates currently in use.

Each year since 1982, during the Special Provisions process, the Appropriations Committee has briefly reviewed the requests for private plates and then set out in the Appropriations Bill the number of private license plates to be authorized by class of employee and department. Prior to 1982, the Council of State had determined the use of these plates. Therefore, you inherited 95% of the authorization from that body.

At their meeting on January 24, the Joint Legislative Commission on Governmental Operations recommended that the Appropriations Committee closely review, by department and class of employee, the need for the assigned private license plates on state-owned vehicles and recommended that a reduction in the number be considered.

If you need other background information, please contact Linda Powell in the Fiscal Research Division at 733-4910.

SUBJECT: CASH MANAGEMENT AT THE STATE AGENCY LEVEL

INFORMATION:

The State's cash management program consists of the policies and procedures adopted by the various state agencies and institutions governing the timing and means of receiving and disbursing cash. The goal of the program is to maximize the funds available for investment by the State which in turn should generate additional investment income for the State. This is accomplished by adopting policies and procedures which assure (1) that receipts are collected when due and that the due dates are equitable, (2) that the available funds are invested as soon as possible, and (3) that payments for goods and services are not made until due and that such due dates are equitable.

A sound cash management program can yield significant investment income under present economic conditions. For example, during fiscal year 1983 the total amount of state warrants cleared by the State Treasurer was approximately \$14 billion. If 25% of those funds could have been retained for just one additional day and invested during that day the State would have realized approximately \$863,000.

While the current management procedures provide a sound foundation for the State's cash management program, the creation of specific policies and the modification of certain procedures would further refine the State's cash management program. The proposed refinements would address many of the problem areas which have been identified within the current cash management program. The refinements relate to the acquisition of automated remittance processing equipment, the management of federal funds, the development of a state-wide cash management policy, modification of the Daily Deposit Act, and discontinuation of the inappropriate use of state warrants.

RECOMMENDATIONS: Cash Management Policy

- Recommend that a formal cash management policy be developed by each state agency which would clearly designate procedures for handling cash receipts, deposits and disbursements.
(SEE DRAFT LEGISLATION)

Federal Funds Management

- Recommend that the Office of State Budget and Management assure that state agencies are accessing and utilizing their federal funds in a timely manner.

Discontinuing Inappropriate Use of State Warrants

- Recommend that each state agency and institution review its policies and procedures to assure that state warrants drawn for intra-agency or intra-governmental transfers are not cleared through commercial banks unless absolutely necessary.

Modification of Daily Deposit Act

- Recommend that G.S. 147-77 be modified to authorize the State Treasurer to provide exemptions from the Daily Deposit requirement when monies on hand amount to less than two hundred and fifty dollars except that deposits shall be made at least once a week.
(SEE DRAFT LEGISLATION)

Allocation Methods for Special Appropriations

- Recommend for special appropriations that an allocation system which corresponds to an identified need for the funds by the appropriate organization be specified in a general law.

84N11-LE-15

ED
FC

A BILL TO BE ENTITLED

AN ACT TO ESTABLISH A GENERAL STATEWIDE CASH MANAGEMENT POLICY
FOR THE STATE OF NORTH CAROLINA.

The General Assembly of North Carolina enacts:

Section 1. Chapter 147 of the General Statutes is amended by adding a new Article to read:

"Article 6A.

Cash Management.

"§147-86.10. Statement of policy.--It is the policy of the State of North Carolina that all agencies, institutions, departments, bureaus, boards, commissions and officers of the State, whether or not subject to the Executive Budget Act, Chapter 143, Article 1 of the General Statutes shall devise techniques and procedures for the receipt, deposit, and disbursement of monies coming into their control and custody which are designed to maximize interest-bearing investment of cash, and to minimize idle and nonproductive cash balances. This policy shall apply to the General Court of Justice as defined in Article IV of the North Carolina Constitution, the public school administrative units, and the community colleges with respect to the receipt, deposit, and disbursement of monies required by law to be deposited with the State Treasurer and with respect to

monies made available to them for expenditure by warrants drawn on the State Treasurer.

§147-86.11. Cash management for the State.--(a) The Director of the Budget, with the advice and assistance of the State Treasurer and the State Auditor, shall develop, implement and amend as necessary a uniform statewide plan to carry out the cash management policy for all State agencies. The State Auditor shall report annually to the Advisory Budget Commission and the General Assembly on the implementation of the plan as shown in the audits completed during the prior fiscal year. The State Treasurer shall recommend periodically to the General Assembly any implementing legislation necessary or desirable in the furtherance of the State policy. When used in this section, 'State agency' means any agency, institution, bureau, board, commission or officer of the State; however, except as provided in G.S. 147-86.12, 147-86.13, and 147-86.14, this Article shall not apply to the agencies, institutions, bureaus, boards, commissions and officers of the General Court of Justice as defined in Article IV of the North Carolina Constitution or to the local school administrative units, community colleges, and technical institutes and their officers and employees.

(b) The State Auditor pursuant to his authority under G.S. 147-64.6 shall monitor agency compliance with this Article, and make any comments, suggestions, and recommendations he deems advisable to the agencies.

(c) The State Treasurer shall publish a quarterly report on all funds in the control or custody of the State Treasurer

showing cash balances on hand, investments of cash balances and a comparative analysis of earnings and investment performances.

(d) The cash management plan adopted and implemented pursuant to this section shall provide that any net earnings on invested funds, whose beneficial owner is not the State or a local governmental unit, shall be paid to the beneficial owners of the funds. 'Net earnings' are the amounts remaining after allowance for the cost of administration, management, and operation of the invested funds.

(e) The receipt section of the uniform statewide plan promulgated by the Director of the Budget shall provide at a minimum that:

(1) Except as otherwise provided by law, monies received by employees of State agencies in the normal course of their employment shall be deposited as follows:

(a) Monies received in trust for specific beneficiaries for which the employee-custodian has a duty to invest shall be deposited with the State Treasurer under the provisions of G.S. 147-69.3.

(b) All other monies received shall be deposited with the State Treasurer pursuant to G.S. 147-77 and G.S. 147-69.1.

(2) Monies received shall be deposited daily in the form and amounts received, except as otherwise provided by statute;

- (3) Monies due to a State agency by another governmental agency or by private persons shall be promptly billed, collected and deposited;
- (4) Unpaid billings due to a State agency shall be turned over to the Attorney General for collection no more than 90 days after the due date of the billing; and
- (5) Monies received in the form of warrants drawn on the State Treasurer shall be deposited by the State agency directly with the State Treasurer and not through the banking system, unless otherwise approved by the State Treasurer.

(f) The disbursement section of the statewide plan adopted by the Director of the Budget shall provide at a minimum that:

- (1) Monies deposited with the State Treasurer remain on deposit with the State Treasurer until final disbursement to the ultimate payee;
- (2) The order in which appropriations and other available resources are expended shall be subject to the provisions of G.S. 143-27 regardless of whether the State agency disbursing or expending the monies is subject to the Executive Budget Act.
- (3) Federal and other reimbursements of expenditures paid from State funds shall be paid immediately to the source of the State funds.
- (4) Billings to the State for goods received or services rendered shall be paid neither early nor late but on the discount date or the due date to the extent practicable; and

(5) Disbursement cycles for each agency shall be established to the extent practicable so that the overall efficiency of the warrant disbursement system is maximized while maintaining prompt payment of bills due.

(g) The interest earnings of the General Fund and Highway Fund shall be maximized to the extent practicable. To this end:

- (1) interest earnings shall not be allocated to an account by the State Treasurer unless all of the monies in the account are expressly eligible by law for receiving interest allocations;
- (2) State officers and employees who receive monies in trust or for investment shall be solely responsible for properly segregating such funds for investment in the manner prescribed by law. The officer or employee charged with the responsibility for these monies shall be under a duty to segregate the funds in a timely manner. No investment income shall be allocated by the State Treasurer to trust or other investment accounts until properly segregated into investment accounts as provided by law and the rules of the State Treasurer.

(h) The cash management plan shall consider new technologies and procedures whenever the technologies and procedures are economically beneficial to the State as a whole. Where the new technologies and procedures may be implemented without additional legislation, the technologies and procedures shall be implemented in the plan.

(i) A willful or continued failure of an employee paid from State funds or employed by a State agency to follow this cash management policy and the statewide cash management plan adopted by the Director of the Budget is sufficient cause for immediate dismissal of the employee.

§147-86.12. Cash management for school administration units.--All school administrative units and their officers and employees are subject to the provision of G.S. 147-86.11 with respect to monies required by law to be deposited with the State Treasurer and with respect to monies made available to the school administrative unit for expenditure by warrants drawn on the State Treasurer.

§147-86.13. Cash management for community colleges.--All community colleges and technical institutes and their officers and employees are subject to the provisions of G.S. 147-86.11 with respect to monies required by law to be deposited with the State Treasurer and with respect to monies made available to them for expenditure by warrants drawn on the State Treasurer.

§147-86.14. Cash management for the General Court of Justice.--All agencies, institutions, bureaus, boards, commissions, and officers of the General Court of Justice as defined in Article IV of the Constitution are subject to the provisions of G.S. 147-86.11 with respect to monies required by law to be deposited with the State Treasurer and with respect to monies made available to them for expenditure by warrants drawn on the State Treasurer; Provided, that the provisions of G.S. 147-86.11 shall not apply to any funds deposited with a clerk of superior

court unless the beneficial owner of the funds is either the State or a local governmental unit of the State."

Sec. 2. This act shall become effective July 1, 1985.

**DRAFT
FOR REVIEW ONLY**

**LEGISLATIVE
JAN 26 1985
DRAFTING**

85W7-LE-23

Public

Exemptions From Daily Deposit Law

A BILL TO BE ENTITLED

AN ACT TO PERMIT THE TREASURER TO AUTHORIZE LIMITED EXEMPTIONS
FROM THE DAILY DEPOSIT LAW.

The General Assembly of North Carolina enacts:

Section 1. G.S. 147-77 is amended by inserting before the proviso: "Provided that the State Treasurer may authorize exemptions from the provisions of this section so long as funds are deposited and reported pursuant to the provisions of this section at least once a week and, in addition, so long as funds are deposited and reported pursuant to the provisions of this Section whenever as much as \$250.00 has been collected and received:".

Sec. 2. This act shall become effective July 1, 1985.

SUBJECT: LEGISLATIVE REVIEW OF THE FEDERAL JOB TRAINING
PARTNERSHIP ACT (JTTPA)

INFORMATION: The Federal Job Training Partnership Act is a State administered, but federally funded program, designed to prepare disadvantaged youth and unskilled adults for entry into the labor force. The Joint Legislative Commission on Governmental Operations began a review of this program in October 1984, with subsequent reviews in November 1984 and January 1985. The Commission identified several areas of concern such as (a) coordination of all employment and training programs administered by State Government, (b) policy issues that impact the type of training provided, who is trained, service providers, (c) use and allocation of funds, and (d) reporting requirement of the federal law. North Carolina receives approximately \$66 million per year for administering this program.

RECOMMENDATION: See pages 13 thru 15.

North Carolina
House of
Representatives

13



Liston B. Ramsey, Speaker



Raleigh 27611

(919) 733-3451

January 24, 1985

MEMORANDUM

To: Representatives Bob Etheridge
Bruce Ethridge
Wendell Murphy

From: Liston B. Ramsey, Co-Chairman
Governmental Operations Commission

LBR

Pursuant to the authority granted to me by motion of the Governmental Operations Commission on January 10, 1985, I am appointing you to serve on a special Subcommittee of the Governmental Operations Commission to study the Job Training Partnership Act. Representative Bob Etheridge and Senator Joe Thomas will serve as Co-Chairmen. Other Senate Members serving with you will be Bob Warren and Richard Conder.

Enclosed for your information is a copy of the section of the minutes of the Governmental Operations Commission meeting that pertains to this Subcommittee.

I appreciate your willingness to serve in this capacity.

LBR:dhb
Enc.

- cc: Lt. Governor Robert Jordan, III
- Ms. Ellen Johns, Clerk to Commission
- Mr. George Hall, Legislative Administrative Officer
- ✓ Mr. Tom Covington, Director of Fiscal Research
- Mr. Fred Aikens, Fiscal Research Staff



Joint Legislative Commission On Governmental Operations

State Legislative Building

Raleigh, North Carolina 27611

February 20, 1985

MEMORANDUM

TO: Senator Joseph E. Thomas
Representative Bobby R. Etheridge

FROM: Lieutenant Governor Robert B. Jordan, III
Representative Liston B. Ramsey, Speaker

You have been appointed as Chairmen of a Special Subcommittee of the Joint Legislative Commission on Governmental Operations (JLCGO) to review the Job Training Partnership Act Program administered by the North Carolina Department of Natural Resources and Community Development. The Joint Legislative Commission on Governmental Operations reviewed this program in October and November 1984, and January 1985. Due to time constraints, we were unable to complete our review in sufficient detail to make appropriate recommendations to the 1985 General Assembly.

Consequently, your task is to review the attached "Options for Consideration" presented to the Commission by the Fiscal Research Division staff. These options are not all inclusive; so you may need to modify them accordingly. Your review might coincide or complement the review of this program by the Appropriations Committee. When your review has been completed, we ask that specific recommendations be made to the 1985 General Assembly that will address the attached options and others you might consider designed to improve the management and administration of North Carolina's Job Training Partnership Act Program.

If you need other background information, please contact Linda Powell in the Fiscal Research Division at 733-4910.

Job Training Partnership Act:
Options for Consideration by
the Joint Legislative Commission on
Governmental Operations (JLCOG)

The Joint Legislative Commission on Governmental Operations may wish to consider recommending the following to the 1985 General Assembly:

1. That the State Job Training Coordinating Council (SJTCC) designate job training for adults and unskilled youth as its number one priority and that JTPA program goals and funding allocations reflect this emphasis.
2. That the SJTCC comply with the provisions of Sec. 105(a)(1) A&B of Public Law 97-300 that requires the submission of service delivery area (SDA) plans to the General Assembly for review and comment.
3. That the SJTCC develop a long term tracking system that measures the effectiveness of JTPA with respect to permanent job placements. Such a tracking system shall be not less than one year and shall be implemented no later than July 1, 1985.
4. That the 6% incentive grants set aside be allocated in an equitable proportion directly to service delivery areas that exceed performance standards. Such allocations shall be based on the degree by which standards are exceeded.
5. That the SJTCC comply with the provisions of Sec. 122(b)(7) A&B and 122(b)(8) no later than July 1 of every year, requiring the following:
 - a. identify employment and training and vocational education needs throughout the State;
 - b. assess the extent to which existing programs are meeting these needs;
 - c. comment on reports required by Sec. 105(d)(3) of PL 97-300 and make appropriate recommendations to the General Assembly.
6. That the Department of Human Resources develop and implement procedures to access eligible public assistance recipients for participation in the JTPA program.
7. That the SJTCC annually report to the General Assembly on funds expended by each SDA for job training services not provided by the Community College System and the reason alternative service providers were chosen.
8. That the 8% education set aside be allocated to the Departments of Community Colleges and Public Education in direct proportion to the number of eligible adults and youth served by each agency.
9. That the 1985 General Assembly establish a Commission to oversee State administration of the Job Training Partnership Act and make recommendations to the 1987 General Assembly.

SUBJECT: LOCATION OF ADMINISTRATIVE PROCEDURE ACT
APPEALS

INFORMATION: Currently, appeals related to a decision under the Administrative Procedure Act must be heard in Wake County. This often presents an inconvenience to parties outside Wake County due to the distance involved. There has also been some concern that a more objective hearing could be held in the county of residence of the party seeking review. This increased objectivity would result from all parties being closer to the source of the problem.

RECOMMENDATION: See draft legislation.

JAN 25 1985

85W7-LB-17C

ST: APA Appeal Venue
Public

CONFIDENTIAL

A BILL TO BE ENTITLED
AN ACT CONCERNING VENUE FOR JUDICIAL REVIEW UNDER THE
ADMINISTRATIVE PROCEDURE ACT.

The General Assembly of North Carolina enacts:

Section 1. G.S. 150A-45 is amended by deleting "must file a petition in the Superior Court of Wake County", and inserting "must file a petition in the Superior Court of Wake County, in the Superior Court of the county of residence of the person seeking review, or in the case where the final agency decision was based on an act, in the Superior Court of the county where the act is alleged to have occurred; except that if the person seeking review is the State or a State agency, the petition may be filed in Wake County only if:

- (1) The administrative action being reviewed was against another State agency; or
- (2) The administrative action being reviewed was against a person who
 - a. has a residence in Wake County; or
 - b. does not have a residence in North Carolina and there was no act committed in North Carolina upon which the final agency decision was based".

Sec. 2. This act is effective upon ratification.

SUBJECT: CENTRAL PAYROLL SYSTEM FOR PUBLIC SCHOOLS

INFORMATION: The 1984 Session of the General Assembly required the State Board of Education to develop and implement a central payroll system for State-funded school personnel. In the 1985-86 school year, certified school employees shall be paid through this system by electronic transfer of funds from the General Fund to a financial institution at which the employee has an account. In the 1986-87 school year, non-certified employees shall be paid through this system.

Local boards of education may elect to pay non-State paid employees and to pay local supplements through the central payroll system.

Because of the large number of school systems (141) and public school employees (approximately 150,000), the central payroll system will require two statewide payroll dates for permanent employees and a date for temporary or hourly employees.

The State Board of Education requests modifications to the original legislation: (1) standardized payroll dates for all State-paid employees; (2) payment by payroll check instead of electronic transfer to certain classes of temporary employees selected by the State Board of Education; and (3) revised implementation schedules, i.e. all State-paid personnel in one-half the LEAs the first year and the remainder in the second year. All LEAs would be on the system by the end of the second year as the legislation requires.

RECOMMENDATION: See draft legislation.

85W7-LE-13a

Fiscal Research

Public

Central Payroll for Schools Modified

DRAFT
FOR REVIEW ONLY

LEGISLATIVE
JAN 21
DRAFTING

A BILL TO BE ENTITLED

AN ACT TO MODIFY THE CENTRAL PAYROLL SYSTEM FOR THE PUBLIC
SCHOOLS.

The General Assembly of North Carolina enacts:

Section 1. G.S. 115C-12(18) is rewritten to read:

"(18) Duty to Develop and Implement a Central Payroll System--The State Board of Education shall develop and implement a central payroll system for the public schools. Beginning with the 1985-86 school year, all State-funded and federally funded employees of local school administrative units selected by the State Board shall be paid through this system. By July 1, 1987, all State-funded and federally funded employees of local school administrative units shall be paid through this system.

Payments through the central payroll system shall be made by electronic funds transfer to a financial institution in an account designated by the employee; however, the State Board may authorize payment by payroll check to certain classes of temporary employees that the State Board finds it would be administratively more efficient to pay in that manner.

All employees paid through the central payroll system shall be paid monthly on one of two statewide payroll dates established by the State Board. The State Board shall designate which classes of employees shall be paid on each of the two dates.

This paragraph shall not be construed to authorize payment to any employee for work not yet done.

Each employee shall receive a statement of his pay level and annual salary with the first salary payment of each school year.

Payments made to employees from non-State and non-federal funds, including local supplements, shall be made through the local payroll system unless the local school administrative unit is included in the central payroll system and its local board of education requests in writing that these payments be made through the central payroll system."

Sec. 2. Local acts establishing payroll dates for local school administrative units shall not apply to payments made to employees through the central payroll system. Payments to employees that are made through a local payroll system may be made on the statewide payroll dates or on the payroll dates set by local act, at the discretion of the local boards of education.

Sec. 3. G.S. 115C-272(b) (1) is amended by deleting the first sentence and substituting:

"Salary payments to superintendents made through the central payroll system shall be made monthly on the statewide payroll date, as provided in G.S. 115C-12(18). Salary payments to superintendents made through a local payroll system may be made monthly on the basis of each calendar month of service or on the statewide payroll date for superintendents, at the discretion of the local board."

Sec. 4. G.S. 115C-285(a) (1) is amended by deleting the first sentence and substituting:

"Classified principals and state-allotted supervisors shall be employed for a term of 12 calendar months. Salary payments to classified principals and state-allotted supervisors made through the central payroll system shall be made monthly on the statewide payroll date, as provided in G.S. 115C-12(18). Salary payments to classified principals and state-allotted supervisors made through a local payroll system may be made monthly at the end of each calendar month of service or on the statewide payroll date for such employees, at the discretion of the local board."

Sec. 5. G.S. 115C-302(a)(1) is amended by deleting the first sentence up to the proviso and substituting:

"Regular state-allotted teachers shall be employed for a period of ten calendar months. Salary payments to regular state-allotted teachers made through the central payroll system shall be made monthly on the statewide payroll date, as provided in G.S. 115C-12(18). Salary payments to regular state-allotted teachers made through a local payroll system may be made monthly at the end of each calendar month of service or on the statewide payroll date for such employees, at the discretion of the local board:".

Sec. 6. G.S. 115C-302(a)(2) is amended by deleting the first sentence up to the proviso and substituting:

"State-allotted months of employment to local boards of education as provided by the State Board of Education shall be used for the employment of teachers of occupational education for a term of employment as determined by the local boards of education. Salary payments to these occupational education teachers made

through the central payroll system shall be made monthly on the statewide payroll date, as provided in G.S. 115C-12(18). Salary payments to these occupational education teachers made through a local payroll system may be made monthly at the end of each calendar month of service or on the statewide payroll date for such employees, at the discretion of the local board:".

Sec. 7. G.S. 115C-316(a)(1) is amended by deleting the first sentence and substituting:

"Salary payments to employees other than superintendents, supervisors and classified principals employed on an annual basis made through the central payroll system shall be made monthly on the statewide payroll date, as provided in G.S. 115C-12(18). Salary payments to such employees made through a local payroll system may be made monthly at the end of each calendar month of service or on the statewide payroll date for such employees, at the discretion of the local board."

Sec. 8. G.S. 115C-316(a)(2) is amended by deleting the first sentence up to the proviso and substituting:

"Salary payments to employees other than those covered in G.S. 115C-272(b)(1), 115C-285(a)(1) and (2), 115C-302(a)(1) and (2) and 115C-316(a)(1) made through the central payroll system shall be made monthly on the statewide payroll date, as provided in G.S. 115C-12(18). Salary payments to such employees made through a local payroll system may be made at a time determined by each local board of education or may be made monthly on the statewide payroll date for such employees, at the discretion of the local board. Expenditures for the salary of these employees

from State funds shall be within allocations made by the State Board of Education and in accordance with rules and regulations approved by the State Board of Education concerning allocations of State funds:".

Sec. 9. Effective July 1, 1985, G.S. 115C-47(21) is amended by deleting the word "centralized" wherever it appears and substituting "central".

Sec. 10. A new section is added to Article 2 of Chapter 115C of the General Statutes to read:

"§115C-13. Duty to maintain confidentiality of certain records.--Except as otherwise provided by federal law, local boards of education and their officers and employees shall provide to the State Board and to the Superintendent all information needed to carry out their duties. It is unlawful for any member of the State Board of Education, the Superintendent of Public Instruction, or any employee or officer of the State Board of Education or the Department of Public Instruction to disclose any of this information that the local board or its officers or employees could not lawfully disclose. Such disclosure is a misdemeanor, punishable by a fine of not less than two hundred dollars (\$200.00) nor more than one thousand dollars (\$1,000), imprisonment, or both."

Sec. 11. Notwithstanding the provisions of this act, an employee who has received at least one payroll check from a local school administrative unit may elect, when that local school administrative unit is included in the central payroll system, to continue to be paid via payroll check instead of by

electronic funds transfer. An employee, who has been paid by electronic funds transfer through the central payroll system by a local school administrative unit, may not elect to be paid by that local school administrative unit via payroll check.

The payroll check of an employee who elects to be paid via payroll check pursuant to the provisions of this section shall be mailed to the employee from the office of the State Board in Raleigh on the day it is due.

Sec. 12. This act shall become effective July 1, 1985.

SUBJECT: DWI IMPACT ON PROBATION CASELOADS

INFORMATION: There has been a significant increase in the number of persons placed on supervised probation for impaired driving since the implementation of the Safe Roads Act. In calendar 1982, under the old law, there were 4,332 probation admissions for DUI. In the year after the DWI law became effective, from October 1, 1983 to September 30, 1984, there were 8,485 probation admissions for DWI and DUI. (7,001 of these were convicted under the new DWI law, 1,484 had been arrested prior to October, 1983 and were convicted under the old DUI law.)

Many of these persons are first offenders who could be placed on unsupervised probation or be released from supervision upon completion of all obligations to the court, i.e., payment of all monetary obligations, completion of community service work, and attendance of traffic safety school.

RECOMMENDATION: See draft legislation

W7-23A

A BILL TO BE ENTITLED

AN ACT TO CLARIFY CONDITIONS OF PROBATION.

The General Assembly of North Carolina enacts:

Section 1. G.S. 20-179 is amended by adding two new subsections to read:

"(r) Supervised Probation Terminated.--Unless a judge in his discretion determines that supervised probation is necessary, and includes in the record that he has received evidence and finds as a fact that supervised probation is necessary, and states in his judgment that supervised probation is necessary; a defendant convicted of an offense of impaired driving shall be placed on unsupervised probation if he meets two conditions. These conditions are that he has not been convicted of an offense of impaired driving within the seven years preceding the date of this offense for which he is sentenced and that the defendant is sentenced under subsections (i), (j), and (k) of this section.

In those cases in which a judge makes the necessary findings and places the defendant who must otherwise be placed on unsupervised probation on supervised probation, the judge must authorize a probation officer to transfer the defendant to unsupervised probation upon the completion of the following conditions of his suspended sentence:

- (1) Community service; or
- (2) Treatment and education as described in subsections (l) and (m); or

(3) Payment of any fines, court costs, and fees; or

(4) Any combination of these conditions.

(s) Method of Serving Sentence.--Unless his sentence is greater than six months, a defendant convicted of an offense of impaired driving must be permitted to complete his sentence of imprisonment or community service on weekends, or during hours defendant otherwise would not be pursuing gainful employment even if these hours cannot be served in consecutive sequence or while granted work-release privileges."

Sec. 2. This act shall become effective 30 days after ratification and shall apply to offenses committed on and after that date.

DRAFT
FOR REVIEW ONLY

SUBJECT: JAILS AND DETENTION/JUVENILE DETENTION PROGRAM

INFORMATION: The inspection of jails and detention facilities is conducted by the Jails and Detention branch of the Division of Facilities Services, in the Department of Human Resources. The inspection of juvenile detention facilities falls under the Division of Youth Services in the Department of Human Resources. The issues which the Joint Legislative Commission on Governmental Operations has reviewed relative to this topic are:

- A - Should the inspection standards for local jails and juvenile detention facilities be revised?
- B - Should the inspection program for juvenile detention facilities be combined with the jails and detention programs?
- C - If jail inspections were to be taken out of DHR, then where should this function be placed in state government?

The current jails and detention standards have not been revised since 1967, and there is concern that the standards may not always be consistent with legal and building standards adopted since the standards came into existence. Also, there are differing opinions on whether jail inspection is a law enforcement function or a general inspection function similar to the inspection of nursing homes and restaurants.

RECOMMENDATION: See next page.



Joint Legislative Commission On Governmental Operations

State Legislative Building

Raleigh, North Carolina 27611

February 20, 1985

MEMORANDUM

TO: Senator Ollie Harris, Chairman, Human Resources Committee
 Representative Anne Barnes, Chairman, Corrections Committee

FROM: Lieutenant Governor Robert B. Jordan, *RB*
 House Speaker Liston B. Ramsey *LR*

RE: Inspection of Jails and Detention Facilities/
 Juvenile Detention Facilities

The Joint Legislative Commission on Governmental Operations heard a staff presentation, on December 21, 1984, relative to the inspection of local jails and detention facilities and juvenile detention facilities. Our staff reported that the inspection of local jails and detention facilities is conducted by the Jails and Detention Branch of the Division of Facility Services in the Department of Human Resources. The inspection of juvenile detention facilities falls under the authority of the Division of Youth Services, in the Department of Human Resources.

The issues which the Joint Legislative Commission on Governmental Operations has reviewed relative to this topic are:

Should the inspection standards for local jails and juvenile detention facilities be revised?

Should the inspection program for juvenile detention facilities be combined with the jails and detention programs?

If jail inspections were to be taken out of DHR, then where should this function be placed in state government?

There are differing opinions on whether jail inspection is a law enforcement function or general inspection function, similar to the inspection of nursing homes and restaurants.

At their meeting on January 24, the Joint Legislative Commission on Governmental Operations recommended that your committee review the above-mentioned issues. Your committee is being asked to make specific recommendations and report these to the 1985 General Assembly, by April 15, 1985.

If you need other background information, please contact Linda Powell in the Fiscal Research Division at 733-4910.

SUBJECT: REVIEW THE DISTRIBUTION OF ADDITIONAL ADAP SLOTS AND
TRANSPORTATION COST OF PROGRAMS

INFORMATION: The 1984 Session of the General Assembly appropriated \$1.4 million for 1984-85 to increase the subsidy paid to local ADAP programs and to provide funds for additional ADAP slots. The Joint Legislative Commission on Governmental Operations has reviewed the phase-in schedule for the additional slots. The number of additional slots that will be served over the course of the year will be an additional 829.

The Joint Legislative Commission on Governmental Operations also reviewed transportation cost data for the local ADAP programs. It noted that the majority of the local programs provide transportation either directly or through a contract with a local transportation carrier, when feasible. It was also noted that transportation costs vary greatly depending on factors such as the number of clients, mode of transportation, and geographical location.

RECOMMENDATION: See next page.



Joint Legislative Commission On Governmental Operations

State Legislative Building

Raleigh, North Carolina 27611

February 20, 1985

MEMORANDUM

TO: Phillip J. Kirk, Jr., Secretary
Department of Human Resources

FROM: Lieutenant Governor Robert B. Jordan, III
House Speaker Liston B. Ramsey *LR*

RE: Transportation Cost for the Adult
Developmental Activity Programs

The Joint Legislative Commission on Governmental Operations recently reviewed data pertaining to the transportation cost that local ADAP program operators incur. Commission members were also told that the majority of the local programs provide transportation directly, or on a contractual basis, with a local transportation carrier. It was also pointed out to Commission members that transportation costs vary greatly, depending on varying factors.

The Joint Legislative Commission on Governmental Operations is concerned that some programs' transportation cost may be excessive, and thereby influencing other services offered to clients. At their meeting on January 24, the Joint Legislative Commission on Governmental Operations recommended that DHR study the issue further, and be prepared to make recommendations to the 1985 General Assembly by April 1, 1985.

Secretary Kirk, your assistance with this issue is appreciated. If you need other background information, contact Linda Powell in the Fiscal Research Division at 733-4910.

SUBJECT: FEDERAL FUNDS DISBURSEMENT - CULTURAL RESOURCES

INFORMATION:

In accordance with the Executive Budget Act, G.S. 143-27, appropriations are declared to be in addition to receipts and are to be available to the extent that such receipts are insufficient to meet the costs anticipated in the budget authorized by the General Assembly.

According to the Audit Findings and Recommendations, Historic Preservation Funds - Earned Federal Revenue, June 30, 1982 Financial Audit Report on the Department of Cultural Resources, and information supplied by accounting personnel of the Department of Cultural Resources, it appears that the Department's practices in the administration and handling of the federal funds are not in compliance with the above cited provisions.

Factors contributing to the question of compliance by the Department are:

At June 30, 1981, the Department had \$743,198 of federal revenue in its Federal Depository Code which the State had earned and should have been deposited to the General Fund Code and reverted to the State General Fund, or subject to reversion.

The Department was authorized by the Office of State Budget to carry the funds forward for use in the 1981-82 fiscal year with the stipulation that any funds which were not expended or encumbered at June 30, 1982 would revert to the General Fund. Further stipulations were that if any federal funds became available before June 30, 1982 they would first be used to replenish any state funds that were expended in lieu of federal funds and that any replenished state funds would revert to the State's General Fund at June 30, 1982.

At June 30, 1982, the federal funds which had been carried forward on June 30, 1981 had been expended and the Department of Cultural Resources had not drawn down the \$466,475 which it had earned in the 1981-82 fiscal year from the National Park Service grant of \$566,475. Consequently, these funds were not reverted to the State's General Fund but were drawn down for use in the subsequent fiscal year.

The Department has continued the practice of filing for and drawing down the federal funds (50% share) it has earned for the fiscal year ending on June 30 until between July 1 and September 30. This practice has resulted in a loss to the State of approximately \$100,000 (\$25,000 to \$35,000 annually) in investment income earnings, a lower State credit balance, and the departments budgeting of funds without prior approval of the General Assembly.

RECOMMENDATIONS:

Request the State Budget Officer to withhold all further allocations from the General Fund Appropriation to the Department of Cultural Resources for operation of the Historic Preservation Program for the remainder of the 1984-85 fiscal year or until all federal funds (National Park Service, HCRS Preservation Funds, 50/50 State/Federal match) earned by the State have been expended to support the program at the level authorized by the General Assembly.

Request the State Budget Officer to require the Department of Cultural Resources to comply with the following:

- (a) Transfer from its Federal Depository Code to the appropriate General Fund Code all federal funds which have been earned by the State for operating the Historic Preservation Program.
- (b) Prepare the documentation required and draw down the federal funds earned to date in the 1984-85 fiscal year and thereafter, on a quarterly basis.

- (c) Revert all funds in excess of the amount authorized by the General Assembly to operate the program for the 1984-85 fiscal year to the General Fund. The funds to be reverted shall include all federal funds earned prior to June 30, 1985 (on hand and/or receivable), and the balance of the 1984-85 General Fund appropriation.
- (d) Use the earned federal funds to support the program in the fiscal year in which they are earned in accordance with the provisions of G.S. 143-27 beginning July 1, 1985 and for the duration of the federal support of the program.

Request the State Budget Officer to notify the Cabinet Secretaries and Council of State department heads to make a thorough investigation of their policies and practices for the proper handling and expenditure of all federal receipts in accordance with the provisions of G.S. 143-27.

Request the State Budget Officer to report to the Governmental Operations Commission on the actions taken to accomplish the above requests.

